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Zhuhai, South China's city of romance . . . and more

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Report Highlights:

Zhuhai is touted as a romantic city because of its seaside beauty. But the place is more than just looks and proximity to Macau and Hong Kong. It's one of China's five *Special Economic Zones* and transportation and logistic hubs. It's where the *Aviation and Aerospace Exhibition* is held and last year exhibited the *Shenzhou 7* orbital module, famous for the first Chinese space walk. What's more, Zhuhai is a market for U.S. agricultural products in the retail sector and has links in the American swine sector. Its growth in the retail, restaurant and tourism sectors point to niche opportunities for U.S. agricultural products. This tiny, yet mighty city of 1.4 million is open for business.

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I. Zhuhai Overview

Zhuhai is known as a romantic city, clean and attractive, young and energetic. It is a relaxing place with rich natural resources; a population mixed with Macau, Hong Kong and expat transplants; and free trade zone open policy favorable for the younger generation and trade businessmen. At least this is the city image that the local government tries to promote.



Known as a “City of Islands,” Zhuhai has 146 islands. It occupies 2,955 miles (7,653 square kilometers), and the coastline is 429 miles (691 kilometers) long. The permanent population is over 1.4 million.

In 2008, GDP was US\$14.5 billion (RMB99.2 billion), up 12.4 percent from 2007. Total retail sales reached US\$5.2 billion (RMB35.9 billion) in 2008, up 19.3 percent from 2007. Wholesale and retail revenues were US\$4.4 billion (RMB30.5 billion), up 18.9 percent from 2007. HRI sector revenue was US\$0.8 billion (RMB5.4 billion). Per capita food consumption was 38.6 percent consumption expenditure.

Zhuhai is one of the first special economic zones of China. There is a *Free-Trade-Zone* and a *Zhuhai-Macau Cross Border Industrial Zone*. In recent years, the government has focused on key sectors such as education, retail, tourism, and clean, high-technology as well as logistic sectors. Electronics is one of the major industries. Zhuhai is a hub for printer accessories.

There are three administrative districts in Zhuhai: Xiangzhou, Jinwan and Doumen. Xiangzhou District is Zhuhai’s central urban area. The other two are new districts. Zhuhai airport is located in Doumen. Jinwan was set up in 2001. It has plans to develop electronics, agriculture, golfing tourism and *Gaolan Port* construction. Doumen, once belonged to Zhongshan and became part of Zhuhai in 2001. It is known for its sugarcane production and plenty of seafood products. Zhuhai airport is now located in Doumen district.

There are over 50,000 high-level university graduates studying in branch universities in Zhuhai. These students have better education and are open to western culture and lifestyle.

Though Zhuhai is located in the south of Guangdong province by the western and southern banks of the Pearl River Delta, Zhuhai acts as one of the central cities in the Pearl River Delta, according to the general urban plan approved by the State Council. It has a pivotal geographic location and has become a regional hub for transportation and logistics.



**New buildings along Lovers' Avenue
under
threat of typhoon**

(Source: ATO Guangzhou)

It is bordered with Macao to the south, 87 miles from Guangzhou to the North, and 36 miles away from Hong Kong. Neighboring cities include Jiangmen, Xinhui, Taishan, Enping, Kaiping to the west; and Zhongshan to the east.

Zhuhai is one of the China's cleanest and prettiest cities. The city received numerous awards for its excellent ecological development: *National Model City for Environment Protection*; *National Ecological Model City*; one of the *Top 40 Resorts*; Best Practices in improving the living environment by *UN Habitat*; *Happy city* and *Harmonious city*.

The climate in Zhuhai is mild subtropical maritime climate. Annual average temperature is 72.3° F (22.4°C). However, in summer, typhoons may come calling. Zhuhai is also famous for its golf clubs and hot springs. *Ocean Spring Resort* and *The Imperial Hot Spring Resort* provide spring leisure and health-care services to visitors throughout the country. Other tourism attractions include fishing, promotional events activities and expositions.



As a result, its natural charm, recreational events and convenient transportation system attract tourists from Japan, Korea, Hong Kong, Macau, South Asian countries as well as tourists from other cities of Guangdong throughout the year.

In 2008, Zhuhai received 8 million overnight visitors, up 6.6 percent from 2007. This reflects over two million visitors from Hong Kong and Macao as well as overseas guests. Tourism revenues reached US\$2.2 billion (RMB15.5 billion), which accounts for 15 percent of total GDP in Zhuhai. Foreign currency revenue was about US\$948 million, up five percent from 2007.



Fisher Girl greets tourists
(Source: ATO Guangzhou)

In brief, Zhuhai has made progress in economic development due to several driving factors: natural resources, advantageous geographic location; open policy; prosperous retail and tourism development; fast infrastructure building as well as expanded port facility projects.

Table 1: Zhuhai at a glance (2008)

Index	Zhuhai at a glance
1. City area	2,954 sq. miles (7,653 square kilometers)
2. Coastline	429 miles long (691 kilometers) and 146 islands
3. Population	1.45 million
4. GDP	In 2008, US\$14.5 billion (RMB99.2 billion); per capita GDP reached US\$9,733
5. Tourists over night	8 million in 2008, up 6.6 percent from 2007, of which 2 million were from outside China according to official statistics
7. Total Foreign Trade	US\$39.9 billion, up 21.5 percent. Total imports reached US\$21.4 billion; total exports were US\$18.5 billion.
8. Major Agricultural Products Outputs	Total grain output was 57,000 tons. Sugarcane output was 250,100 tons; fishery production was 183,000 tons, up 4.6 percent; meat production was 28,841 tons, up 1.8 percent
9. Climate	Annual average temperature was 72.3°F (22.4°C) ; location : N Latitude 21 48' to 22 27' E longitude 113 3' to 114 18'
10. Per capita annual disposable income	Urban residents US\$3,080 (RMB20,949) in 2008
11. Administrative districts	Xiangzhou, Jinwan, Doumen.

(Source: ATO Guangzhou)

II. Transport to Zhuhai, accessible by air, road, rail and river

Zhuhai is well connected by air, road, rail and river. Tourists and business travelers can easily access Zhuhai quickly, safely and comfortably.

1) Airport connection to downtown and neighboring cities will facilitate tourism

Around Zhuhai, there are five airports within two hours drive: Zhuhai Airport (one hour), Hong Kong Airport (one-and-a-half hours), Macau Airport (40 minutes), Guangzhou Airport (two hours), Shenzhen Airport (two hours)

Zhuhai airport is located in Doumen district. It is an hour's ride from downtown. As one of the best-designed airports in China, it has opened 32 domestic airlines including servicing by *China Southern* and *Hainan Air*. However, it is not open to international flights and does not have a good highway connection to downtown. For years, travelers and visitors have complained that the highway connection from the airport to Zhuhai and other neighboring cities were poor.

Recently, a construction plan was made to build the airport expressway. It is estimated that a total of US\$ 573 million (RMB3.9 billion) investment would be necessary. The highway will carry four lanes, and the total length will be 16.1 miles (26 kilometers). Once completed, it will only take a half hour's drive from downtown to the airport.

What's more, it will only take one hour to reach neighboring cities such as Zhongshan, Jiangmen, Xinhui and less than two hours from Taishan and Kaiping. As a result, Zhuhai airport will radiate to more areas in the western bank of the Pearl River.

2) Expressways link to other cities, reduce transport time and facilitate trade

There are several expressways that connect Zhuhai to other places. These linkages help facilitate trade and transportation between Zhuhai and other cities in China.

- **Jing-Zhu Express:** Connects the east region of Zhuhai to major cities in China through Beijing
- **Jiang-Zhu Express:** Jiangmen to Zhuhai express, connects the west bank of the Pearl River Delta and Zhuhai
- **Tai- Ao Express:** Connects Macau, Zhuhai with inland cities through Taiyuan, Shanxi Province.
- **Yuexi Coastal Express:** Connects the north of Zhuhai with other cities in Guangdong province

3) Railways under construction to strengthen logistics and transportation

An intercity light rail is under construction. The total length is 71 miles (114.3 kilometers), connecting Guangzhou, Foshan, Zhongshan, Jiangmen and Zhuhai and should facilitate passenger traffic transportation in the Pearl River Delta within an hour's ride. The project is to be completed by 2010.

In addition, the Guangzhou–Zhuhai Railway is under construction. Its total length is about 115.5 miles (186 kilometers). After completion of this project planned in 2011, one can easily access the entire China cargo railroad transportation system from Zhuhai through Guangzhou. It will only take less than an hour from Zhuhai to Guangzhou which is expected to facilitate trade and commerce between Zhuhai and other cities.

4) A breakthrough development for Hong Kong-Zhuhai-Macau Bridge Project

In August 2008, the government officials in the three cities respectively came to an agreement on financing the Hong Kong-Zhuhai-Macau Bridge (HZMB), which is seen as a breakthrough on the project. It is said that 42 percent of the cost will be covered by *Hong Kong SAR*, *Macau SAR* and Zhuhai. The mainland government is going to invest US\$1.0 billion (7 billion yuan), while Hong Kong has set aside USD 0.99 billion (6.75 billion yuan) and Macau has set aside US\$0.29 billion (1.98 billion yuan). The rest of the 58 per cent of the required capital is to be raised through project loans. Total investment from three governments reached US\$ 2.3 billion (RMB15.7 billion). Construction will start by 2010.



***Across the ocean is Hong Kong,
picture snapped from an apartment
in Zhuhai***

(Source: ATO Guangzhou)

With growing demand for more convenient road systems connecting Hong Kong, Macau and Zhuhai, the proposed *HZMB* project will span 18.6 miles (30 km) and reduce commuting time between Hong Kong and Macau from 4.5 hours to 40 minutes. The bridge will be linked to Hong Kong to the east by an underwater tunnel and will span to the west to Gongbei. At Gongbei, Zhuhai, the bridge will split, turning north to Zhuhai and south to Macau.

The bridge will be built to accommodate increasing traffic between Hong Kong, Macau and the Pearl River Delta West (PRDW). Many believe that a bridge connecting Hong Kong and the western Pearl River Delta would make business between Hong Kong and the PRD much more convenient, and as a result, strengthen economic ties between cities in the region.

III. Zhuhai ports - projected to facilitate increased trade of U.S. agricultural products

It is important to mention port facility development in Zhuhai. In total, Zhuhai has eight *Category-I* ports and customs, including Gongbei, Jiuzhou, Gaolan, Wanshan, Hengqin, Wanzai, Doumen as well as cross-board industrial zones. Jiuzhou and Gaolan are the two major ports.

According to *China Customs*, many items such as non-alcoholic beverage, meat, wood, animal feed, edible fruit and nuts, live animals, wines and beers were imported from the U.S. to Zhuhai directly. For example, in 2007, Zhuhai imported US\$623,048 worth of meat from the U.S., up 321.9 percent from 2006 and total imported U.S. meat valued at US\$425,000 in 2008. Animal feed imports from the US rose to US\$6.6 million in 2008, up 13.7 percent from 2007. In 2008, Zhuhai imported US\$7.9 million edible fruits and nuts from the US., over twice that of 2007. In addition, by the end of 2008, US\$11 million worth of U.S. wood was imported into China through Zhuhai.

a) Jiuzhou Port

Key cranes at Jiuzhou Port

(Source: ATO Guangzhou)

Jiuzhou container port is located in the town of Xiangzhou in Zhuhai. Adjacent to Macau, Jiuzhou port is only 36 nautical miles from Hong Kong, 27 nautical miles from Shekou and 70 nautical miles from Yantian. It was constructed in 1983 and occupies 1.6 million square feet.

It was a joint-venture under management of *Hutchison Port Holdings in China* and *Zhuhai Port Authority*. In 1999, *Zhuhai Port Authority* transferred its shares to *Fuhua Group Company Ltd.*, a listed company in Zhuhai special economic zone. *Jiuzhou Port* was one of the “Category I” ports on the western bank of the *Pearl River Delta* which means opened for vessels flying foreign flags. Its annual throughput is 410,000-430,000 tons. Annual handling capacity is 500,000 TEU containers. Total berth length is about 22.9 feet (seven meters), and water depth is about 16.4 feet (five meters). It has 24 standard sockets, and the container yard is about 753,473 square feet. Each week, about 40 barges or “feeders” come and go from Shenzhen, Hong Kong and Nansha Port, transshipping cargo to *Jiuzhou Port*.

This April, *Jiuzhou port* was approved by AQSIQ as one of the designated ports for fruit imports. According to the manager, *Jiuzhou port* has necessary refrigerated facilities and capacity to handle agricultural products including fruits, food and beverages. So far, U.S. oranges, lemons, walnuts and frozen poultry have been imported through this port.

b) Gaolan Port – Phase II and Phase III under construction

Post also talked with the manager in *Gaolan Port*. *Gaolan Port* is a natural coastal deepwater sea port and emerging cargo hub located in Jinwan district, providing services to the *western Pearl River Delta*. It is about 45 nautical miles from Hong Kong. The port - phase I project was put into operation in 1994. It is equipped with two 20,000-ton multi-purpose berths, with a total length of 1,355 feet along the quay. The water depth is 27.8 feet. Its 107,639 square feet warehousing area facilitates provides on-dock cargo consolidation and storage. *Zhuhai International Container (Gaolan) Limited* receives cargos from neighboring cities such as Zhaoqing, Jiangmen and Zhongshan.

Export cargo includes electronics, appliances, air conditioners, notebooks, sports shoes, printers and medical equipment. From the States, it imports waste paper and pulp to make paper.



To adapt to the fast economic development in the *Pearl River Delta* over the past three years, expansion for project Phase II has been under construction. Newly completed Phase II project offers two 50,000-ton berths with a handling capacity of panamax size up to 70,000 ton container vessels. The new berth will be 2,703.4 feet long, and water depth will be 49.2 feet. In addition, the phase II project with four more container berths is planned for completion within three to five years, *Gaolan Port* will have the capacity to handle 5.5 million TEU containers. It is estimated that in the near future, U.S. soybeans and wood products may enter China through this port.

IV. Retail is booming, and there is an increasing demand for imported food items

With ever-increasing per capita disposable income, the Zhuhai retail sector has been developing fast during the past five years.

Outlook for U.S. food items

Surprisingly, there is a promising market for imported food items in the Zhuhai retail market. Zhuhai consumers' palates are opening to Western-style foods. As their purchasing power grows, so does their willingness to buy premium priced imported food. Brand reputation and quality assurance are the key drivers as health and food safety concerns grow.

Retailers introduce imported food items to differentiate themselves from others and enhance store image. Every so often, these retailers will launch "in-store food festivals" and promotions to attract more traffic. Many U.S. imported food items are available on the shelves of the key retailers in Zhuhai.



Wine cellar
(Source: ATO Guangzhou)

Popular U.S. food items include *Sunkist* oranges, Washington apples, Northwest cherries, Alaska seafood, and U.S. poultry while grocery items include breakfast cereals, fruit/vegetable juices, spaghetti sauces, candy and wines, bottled *Starbucks* coffee, and other snacks.

Promising U.S. food categories with little presence today include: cheese, beef, baby food, nuts, natural organic fruit/vegetable juices, and ice-cream.

Retail profile:

1) CR Vanguard ranks the number one retailer in China in terms of outlet number and sales revenue. It has several formats in China.

As one of China's leading retail chain operators in China, *Vanguard* opened four stores in Zhuhai, targeting customers with higher income. Most local consumers still buy locally produced products. However, increasingly, higher income shoppers are beginning to show interest in high-quality U.S. imported foods.

There are four *Vanguard* stores in Zhuhai. The largest one is about 129,166 square feet (12,000 square meters). According to the manager, food sales account roughly 45-50 percent of total store sales. Each day, it welcomes 16,000 to 17,000 customers, and its average daily sales are about US\$190,000.



Imported produce display
(Source: ATO Guangzhou)

In the store Post visited last year, there was a designated section carrying a wide range of imported food items from the United States, Italy, France, Japan and Korea featuring cheeses, chocolates, pasta, sausage, nuts, olive oil, canned vegetable soup, spaghetti sauces, raisins, mixed nuts, baked beans, breakfast cereal, dried fruits, coffee, wine, liquor, biscuits and fresh fruits at higher prices. Altogether there were 400 SKU imported food items. Daily purchase per ticket during weekday was about US\$10.20 (RMB70).

Average food purchase per ticket was around US\$7.30 to US\$8.70.

The huge liquor section was a highlight of this store. Shoppers increasingly prefer to try new world wines; however, old world wines from France still dominate sales. There were no high-end U.S. wines in sight.

2) AEON-Jusco: *Jusco* is a key retailer in South China adopting a Japanese “GMS” (General Merchandise Store) merchandising approach, meaning the supermarket sells all kinds of food, fashion related products and electronic appliances. *AEON Jusco* stores have an excellent reputation locally for carrying high quality, imported foods. Compared with other *Jusco* stores, the Zhuhai outlet is one of the best venues for selling imported food items. Post was told last year that the Zhuhai store has the highest per ticket food sales among all *Jusco* stores in South China, greater than US\$8.00 (55 RMB).



Popular bottled Starbucks coffee
(Source: ATO Guangzhou)

Last year *Jusco* worked with the U.S. Agricultural Trade Office (ATO) Guangzhou office to hold an American Food Festival in its 11 supermarkets. It reported sales in excess of US\$295,480 (over RMB2 million) during this two-week promotion, up 30 percent from the previous year. They also expect sales of U.S. products will continue to increase in the coming year.

Their target customers are mid- to high-income consumers. *Jusco* stores encourage a wide variety of food categories and also cater to the expatriate community in Zhuhai. Its customers include government officials as there are government offices nearby, private sector workers, retired officials and white collar employees, teachers/professionals. Typical customers are 30-40 years old.

Its most popular fruit purchase is Gala, followed by durian, table grapes, mangosteen, kiwi, *Sunkist* oranges, cherries, Red Delicious and seedless table grapes. Post was told customers still ask for U.S. beef. U.S. cod sells well. Hot dogs produced in China sell well. Available cheeses include Monterrey jack, mozzarella, mild cheddar and hot pepper jack. U.S. brand juices were available, but they are manufactured in China. Post was told that since Zhuhai has a lot of seafood with its close proximity to the sea, Alaska seafood would face challenges. There has been dramatic growth for beverages, juices, milk and yoghurt. During Spring Festival (to celebrate Chinese New Year) and Mid-Autumn Festival, sales double. A challenge is lack of cold chain in

retailers because of space limitations.

It has enjoyed a good reputation for its sushi. Customer traffic in Zhuhai store per day can reach 18,000 to 20,000 persons. Imported produce items sell well in this store. Washington apples, *Sunkist* oranges and other seasonal products is usually waterfall displayed at the entrance which attracts many customers. Cold counters are applied to keep fruits fresh.

According to the manager, in addition to imported produce, snack foods such as dried fruits, nuts and chocolates are popular. Bottled *Starbucks* coffee sells well. There is an independent wine section; however, most are French and Australian. U.S. wines were not promoted well.

3) Carrefour: There is one *Carrefour* store in Zhuhai. The store is located in Xiangzhou and targets low- to mid- consumers such as workers and employees living in the neighborhood. It applies a low price strategy to attract traffic and tends to carry more bulk as well as local items. The display and lighting differs from *Jusco*. Imported items such as fruits, snacks, biscuits, wines, gift packages are available, but generally speaking, *Carrefour* carries fewer SKUs compared with *Jusco* and *CR Vanguard*. There was no designated section for imports.

V. Zhuhai tourism, ample room to grow



An airplane used by former General YE, Jianyi in front of Harbour View Hotel
(Source: ATO Guangzhou)

In the Pearl River Delta, Zhuhai ranked third in tourism development in terms of overnight visitors and foreign currency revenue, after Guangzhou and Shenzhen.

Contacts told Post that although Zhuhai has plenty to offer, it is perceived more as a place enroute to Macau rather than a true destination. Therefore, it has to develop more attractions. Also, there's said to be no public magazine similar to "*That's Guangzhou!*" for Zhuhai that advertises and features what's happening there. It has an eco-friendly environment – clear skies, swaying palms, beautiful coastline and islands -so it needs to also stress service and hospitality. An important consideration is Zhuhai still has space to develop. Zhuhai real estate is less expensive than Macau and Hong Kong's. With more convenient transportation times, Zhuhai becomes more viable. Also, if Macau border times were to lengthen, that would encourage even more movement to Zhuhai.

As mentioned earlier, Zhuhai is a city of islands. It has 146 islands and occupies a total area of 2,954 miles (7,653 square kilometers), and the coastline is as long as 429 miles (691 kilometers). However, one contact told Post, few have sightseeing projects including fishing for tourism. According to the tourism bureau official, in total, there are about 40 sightseeing spots in Zhuhai. *Lovers' Avenue* is one of them. Along this 12.4 mile (20-kilometer-long) coastline, you can find the statue of the fisher girl, whose real identity is that of an angel. She falls in love with a local fisherman, and the rest is an interesting plot.



Night view of De Yue Fang Restaurant above the sea
(Source: ATO Guangzhou)

Zhuhai is also famous for its golf clubs and hot springs. *Ocean Spring Resort* and *The Imperial Hot Spring Resort* provide various spring leisure and health-care services to visitors throughout the country. Other tourism attractions include fishing, promotional events activities and expositions.

Zhuhai boasts 94 hotels. Among them, seven are five-star, eight four-star, 67 are three-star. *Holiday Inn Plaza*, *Grand Bay View*, *Harbor View* are the most popular ones for foreign visitors. In the city, there are 85 tourism agents including 16 international and 69 domestic.

Imported ingredients such as herbs, butter, jams and breakfast cereals, ice cream, as well as beef and lamb are best salable item in these hotels. Alaska king crab, Australian shrimp can also be found.

Post was told that hotels sometimes had to wait a month to get fresh herbs because they needed to have an import license if supplies were from Hong Kong. This means adding 20-25 percent more to the cost. Hotels tend to use seasonal veggies and fruits, perceived as better quality. Imported produce was perceived as picked green.

Other challenges are its chefs. Macau tends to drain staff away and pay much better. Zhuhai hotels don't want to raise prices or salary. There is a constant turnover of personnel so training is crucial.

Table 2: Five-star hotels

Hotel Name	Address	Telephone
<i>Zhuhai Holiday Inn</i>	No.188 Jingshan Road	0756-3228888
<i>Grand Bay View Hotel</i>	Shuiwan road, Gongbei	0756-8877998
<i>Harbour View Hotel & Resort</i>	No.47 Middle Lover's Avenue, Jida	0756-3322888
<i>Zhuhai Holiday Resort Hotel</i>	No.9 East Shi Hua Road	0756-3333838
<i>Zhuhai Zobon Business Hotel</i>	No. 33, Middle Lover's Avenue, Jida	0756-3220333
<i>Yindo (Grand Jasper) Hotel</i>	No. 1150 East Yuehai Road	0756-8883388
<i>International Conference Hotel</i>	Middle Lover's Avenue, Jida	0756-3329988

Talks with top management of five-star hotels illustrate that most of their house guests are well-off Chinese from other cities. On average, these hotels enjoyed 80 percent guest room occupancy in 2007. 60 percent of guests are domestic commercial guests, while 25 percent are from Hong Kong and Macau, while the rest would be overseas customers from South East Asia and western countries.

Post was told four-star hotels are all Chinese owned. They include *Guangdong Hotel; 2000 Years Hotel, Swan Hotel; Star City Hotel, Chang An Holiday and Paradise Hill Hotel*. Last year Post was told three international hotels would be built by 2011: *Shangri-la, Crowne Plaza and Holiday Inn Express*. Post was told Las Vegas owners wanted to develop a large hotel on Hengqing Island to combine leisure with sight seeing and MICE (*Meetings, Incentives, Conferences and Events*).

Due to ample local supplies of produce and seafood, the demand for high-cost imported seafood and produce is limited. Famous local dishes include *Hengqin oyster, Doumen crab, Baiteng Lotus Root, and Wanshan Prawn*.

- Hengqin Oyster: Known as the “Milk of the sea”, they are delicious and have high nutritional elements, featuring dietary medicine, tonifying and health-preserving effects. The special features of Hengqin oysters are: big size, fleshiness, whiteness, tenderness and crispiness.
- Doumen Crab: Grown at the intersection of rivers and sea, these crabs feature good out-appearances but low output; they have delicious and tender meat and bright gloss. Containing high content of protein, they are of high nutritional value.
- Baiteng Lotus Root: Grown at Baiteng lake, the lotus root is big and fleshy, starchy without residue, rich in various vitamins, protein and minerals.
- Wanshan Prawn: It is one of the eight ocean delicacies. Wanshan prawns are the top choice for restaurants. The cooking methods include: streaming frying and marinating in flour paste. They can be made into delicacies for banquets as well as delicious cakes.

Table 3: Typical restaurants frequented by Zhuhai patrons, possible channels to promote U.S. products

Restaurant Name	Address	Telephone
Deyuefang restaurant	Mingting Park, Yeli Island, Xiangzhou	2173298
Xin Haili Seafood restaurant	271 W.Yuehua Road, Xiawan, Gongbei	8899333
May Flower restaurant	Liyuan, Jiuzhou Avenue	8881441
Dieshi Restaurant	Beside Jishan Bus Station, Tangjia	3311591
Jinyuexuan Seafood	No.265, S.Lover's Avenue, Gongbei	8133133
Chaoxiang Restaurant	169 W. Qiaoguang Road, Gongbei	8892288
Hengqin Oyster Natural Ecological Garden	Fuxiang Bay Oyster Field, Hengqin	8842777
Changsheng Abalone Restaurant	Haiwan Garden, E. Shihua Road, Jida	3233550
Hongxuan Traditional Chinese Restaurant	No. 173 -177 Ningxi Road	8861169
Dingshang Traditional Chinese Restaurant	No. 287, Haiwan Xinjiayuan, S. Lover's Avenue	8861169
Yili Restaurant	West of Jianfeng Bridge, Jing'an, Doumen	5530168

Qinglan Shanzhuang Cuisine Street	Jiuzhou Avenue, M. Lovers' Road, Zhouzai, Jia	-
Yindo Cuisine Street	Yindo Hotel, Gongbei	8883388
Wanzai Seafood Street	Zhongxinlukou, Jianghai Road, Wanzai	-
Tangren Cuisine Street	2/F, Jinsheng Mansion, Jingshan Road, Jida	3368662
Mantingxiang Restaurant	S. Yingbin Road, Gongbei	8188346
Junxiangyuan Restaurant	G/F, Yunhai Hotel, Jida	3226005
Chuanbaozi	Jida Road	3378365
Rice noodle Restaurant	No.137, Jida Road	3342088
Changlaishun	Haiwan Xinjiayuan, S.Lovers' Avenue, Gongbei	8185088
Mao's Restaurant	M.Yuehai Road, Gongbei	8122822
Dongbeiren Restaurant	Zhuhua Mansion, Jinshan Road	3351418

(Source: ATO Guangzhou & Zhuhai Tourism Bureau)

VI. Other drivers for tourism development

In addition to natural resources and hot spring resorts, recreational activity, convention centers and international events are key driving factors for tourism development that also help stir eagerness towards western lifestyle in the city.

Golf clubs are a draw

The climate in Zhuhai is mild subtropical maritime climate. The annual average temperature is around 72.3°F (22.4°C). Endowed with a long summer, short winter, plenty of sunshine and fresh air as well as green lawns, Zhuhai becomes an ideal place to play golf all year round. Visitors from Southeast Asian countries such as Japan, Korea like to play golf in Zhuhai. There are six international-standard golf courses. *Lakewood Golf Club* and *Golden Gulf Golf Club* are among them.

Bar streets, wine cellars, cafes are emerging



Bars on Shuiwan Bar Street

(Source: ATO Guangzhou)

Bar streets could be found in numerous places. Wine cellars, cafes with special features increasingly attract the younger generation. Post was told there are about 2,000 expatriates living in the city, including Americans, Germans, French, Italian and South Americans.

Shuiwan Bar Street covers a total area of over 32,291 square feet (3,000 square meters) with over 20 unique bars and cafes. Walking down bar street, you come across European style tables and chairs set along the street, dotted with parasols. The street is at its best at night, with all the neon lamps on, and the bars and cafes are bustling with visitors.

In addition to bar streets, there are 20-30 western style restaurants emerging in the city. Steak is one of the popular dishes in the western style restaurant. These restaurants also offer wines, beers and drinks. According to sources when interviewed last year, on average, consumption in these western-style restaurants may be within US\$10.20 to US\$11.60 (RMB70-RMB80) per person without drinks. At a high-end steak house a per person ticket could run US\$14.70 – 29.40 (100-200 RMB) without drinks. Post was told that the demand for U.S. beef was strong so a reopened market would be welcomed. U.S. wine was in high demand, and the number of wine

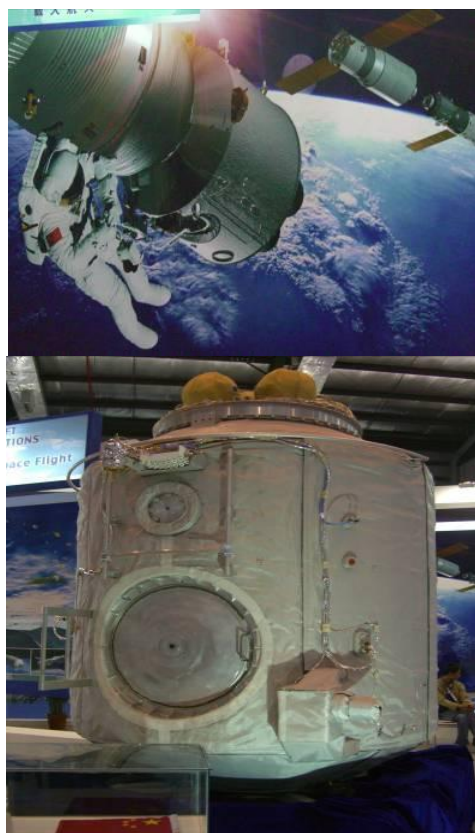
stores was growing, but promotion for American wines was weak. Educational seminars and wine pairings were needed.

Table 4: Recommended tea house/cafe/western Restaurants

Restaurant Name	Address	Telephone
Yindo Imperial Tea House	Yindo Hotel, Gongbei	0756-8883388
Xinling Tea House	Zhuhai Agricultural Science Center	0756-8508441
U.B.C. Cafe	E. Jiuzhou Avenue, Jida	0756-3224343
Shuixie Bali	No.392 Shuiwan road, Jida	0756-3231568
Habsburg Grill	Hita Plaza, Jingle road, Jida	0756-3239002
Blue Angel Cafe	Shuiwan road, Jida	0756-8887269
Blue Mountain Cafe	3/F, Yingbin Plaza, Jida	0756-8887269
Victoria Grill	No.49, Ridong Plaza, M.Lover's Avenue	0756-3230909
Zhongyi Western Restaurant & Cafe	Haitaoju, S. Lover's Avenue, Gongbei	0756-8156676
Rome Holiday Western Restaurant	No.49, Ridong Plaza, M.Lover's Avenue	0756-3233869

(Source: ATO Guangzhou and Zhuhai Tourism Bureau)

China International Aviation & Aerospace Exhibition attracts tourists



Since 1996, every two years, Zhuhai hosts the *China International Aviation & Aerospace Exhibition*, which is one of five air shows in the world. Featuring high technology, novelty and sophistication in latest aviation and aerospace industry, the show attracts more than 500 manufacturers from over 30 countries as well as millions of audience to the city each time.

Post attended last year's exhibition held November 4 -9. It featured the orbital module of *Shenzhou 7* (see photo at left), the third human spaceflight mission of the Chinese space program, launched September 25, 2008 that lasted three days. It was the first to carry a three person crew, and the first to witness Chinese astronaut (Zhai Zhigang) on September 27 conduct a 22-minute space walk wearing a Chinese developed space suit. The gloves were also displayed at this show. (See photo at left).



Historical space walk; Shenzhou 7 orbital module; space gloves used
(Source: ATO Guangzhou)

There was also an air show that featured planes such as the *Airbus A380*. All representatives from five-star hotels that Post talked to believe this exhibition attracts a lot of business to their hotels.

The *China Zhuhai Air Show* is the only international professional aviation and aerospace exposition in China approved by the central government and serves as a platform for trade negotiations, academic exchange, products display and flight performance. The Zhuhai air show has already been held successfully for six times.

Zhuhai International Circuit is another exciting event

The *Zhuhai International Circuit* (ZIC) is the first car race circuit in China. Since its founding in November 1996 and successful holding of the first international car race in *Formula One* circuit in China, *Zhuhai International Circuit* has become a major base for international sports cars and thus became a major base for training domestic young race drivers. It regularly hosts races at domestic, intercontinental and global level, including superbike championships such as FIAGT, ZIC, *FIM Asia Road Racing Open Championship* and *World endurance Championship*.

VII. Tiny – but mighty - Zhuhai processes a lot of seafood

Last year, Post learned from officials of *Zhuhai Agricultural Bureau* that fish processing has remained stable these past years. For example, in 2007, Zhuhai fishery processing gross trade value was US\$ 116 million, up only 0.75 percent from the previous year. In total, Zhuhai processed 4,624 metric tons of fisheries in 2007, up 17 percent from 2006. Total value of processed fishery products reached US\$10 million. The fishery trade in 2007 was US\$106 million, up 0.6 percent from 2006. Around US\$3.15 million of fish and seafood items were exported to Hong Kong and Macao, up 15.4 percent from 2006.

Zhuhai has 14 fish processing companies, and their annual processing capacity is 560,000 metric tons. The top three includes *Zhuhai Guangda Fishery*, *Zhuhai Guoyang Food Ltd* and *Beijibei Zhuhai*, which mainly focus on frozen prawns, tilapia fillet and clams. Some of their processed

products were also exported to the US. and to Europe. In the Wanshan district, eight specialized fishery companies deal mainly with dried seafood items including fish and shrimp. One of the most popular brands, “*Antie Fang*,” enjoys good reputation, not only in mainland China but also in Hong Kong and Macao.

As for fishery trading, companies such as *Zhuhai Shanshui* and *Zhuhai Haiyuan* export sea bass to Korea and other Southeast Asia market. For example, *Zhuhai Shanshui* exports 2,000 tons of sea bass per year to Korea. However, Zhuhai fishery industry development still face the twin challenges of cold storage and cold transportation which the government wants to rectify with advanced technology.

VIII. Zhuhai has a lot of swine, and many are descendents of imported U.S. pure bred varieties. . .plus other agricultural resources

Post was told that in 2007 some 600,000 head of swine (100,000 in Xiangzhou; 200,000 in Jinwan and 300,000 in Doumen) and 9.0 million chickens and ducks were raised in Zhuhai. Half of the production was in the *Doumen* district; one-third in the Jinwan district; and one-sixth from *Jinding* which is located in the *Xiangzhou* district. For each, a two-dimensional code system is applied to the ear to record origin, age and weight for quality control and traceability.

Most swine were for the local market. Some 35,000 heads were exported to Macau. With increasing demand for fresh meat, local supply cannot fully satisfy the market so there's an expansion plan being developed in the Doumen district. Frozen meat from other neighboring cities helped fill the gap. According to the official, Zhuhai imported pure breed swine from U.S., Canada and Britain, including *Duroc*, *Landrace*, *Yorkshire* and *Large White*.

Reportedly there are 17 feed companies in the Zhuhai area. One well known one is called *Yiduoli*, considered to be a leading one in Guangdong province. The *Agricultural Science Center* conducts testing, study and research for agricultural products. Vegetables and fruits are sourced from other cities as Zhuhai does not produce enough to satisfy local demand.

IV. Wine imports trickle into Zhuhai in a big way



Wine cellar, when newly opened last year, owned by Macau businessman
(Source: ATO Guangzhou)

According to *China Customs*, only a total US\$83,097 worth of wine were imported through *Gongbei Customs* in Zhuhai in 2007. However, in 2008, Zhuhai imported a whopping US\$568,000 worth of wine from overseas. The year-on-year growth rate in terms of value was about 583.3 percent, compared with 2007. In the first nine months of 2009, total wine imports were 90,873 liters. This number tripled if compared with two years ago. This growth cannot be ignored. French is the most popular wine as it's what Chinese are most familiar with.

Each supermarket has started to carry wines. In addition to wine displays in hypermarkets and supermarkets such as *Jusco* and *CR-Vanguard stores*, some specialized wine cellars could be found in the city, featuring wines from Spain, Italy, Portugal, Argentina, France, German, Australia, South Africa and Chile for local consumption. The price range of the most popular were US\$21-\$44 per bottle last year. *Cabernet Sauvignon* is one of the favorites. However, few are from the United States. A new wine cellar Post visited last year, owned by a Macau businessman now has over 400 different wines from nine countries, but sadly, none from the States. This wine cellar not only displays the wines but also offers many wine packages. In addition, there's a fancy saloon for wine-tasting available. According to the store manager, more consumers like to taste wines before purchasing. New varieties from the United States are still under negotiation. Their target consumers include community households and commercial units as well. Commercial units will buy large volumes (corporate gift packs with two or more bottles) of wines for gifts for employees, family and business associates.

Post learned from traders that appropriate marketing should be introduced to this emerging market as few Zhuhai consumers have complete knowledge of wines. Wine and food pairing as well as cooking demos should be held to selected consumers. Talks with HRI sector managers indicate that they target Chinese commercial consumers who have higher income and more exposure to western lifestyles.

X. Conclusion



Lovers' Avenue
(Source: ATO
Guangzhou)

With its increasing economy, strong per capita consumption on high-end imported food, as well as close ties to Hong Kong and Macau, Zhuhai presents a viable market opportunity for U.S. imports in the retail sector. Already a wide range of imported food varieties are available in key retailers. The most promising U.S. products include: beef, nuts, wine, juices, sauces, dairy and cheese, breakfast cereals, dried fruits, cookies and crackers, candy and chocolate as well as produce items such as *Sunkist* oranges, California table grapes, Washington apples, Northwest cherries.

There is a potential to develop U.S. imported items in the HRI sector, especially U.S. beef, (when the market reopens), pork, wines, condiments, sauces, nuts, breakfast cereals and high-end seafood items. However, it will take several years to educate local consumers about the western style cuisine and western lifestyle. The result depends on the eagerness and commitment to conduct promotional activities with the HRI sector. In the long run, port facility and logistic development will help facilitate imports from the United States.

Table 5: Promising U.S. Products

Popular U.S. imported items	Markets	Main foreign competitors
Oranges	Retail	New Zealand, South Africa
California Table Grapes	Retail	Chile
Washington Apples	Retail	Chile, N. Zealand
Red Meat (beef)	Retail, HRI	Australia
North West Cherries	Retail	New Zealand
Breakfast Cereal	Retail, HRI	U.K.
Frozen Potatoes	HRI	Canada, New Zealand
Dairy & Cheese	Retail, HRI	New Zealand, Australia, France & EU
Poultry (chicken wings)	Retail	Brazil, China
Nuts: (pistachio, almonds)	Retail, HRI	Iran
Wine	Retail, HRI	Australia, France, Italy, Chile, South Africa Spain
Fruit juice	Retail	France, Japan
Vegetable juice	Retail	Japan
Alaska seafood (king crab, salmon)	Retail, HRI	Canada, Norway, Russia

Spaghetti Sauce	Retail, HRI	Italy, France, EU
Coffee	Retail	Japan, France, South Africa
Candy & Chocolate	Retail	Swiss, Italy, France, Belgium, Japan
Breeding Pigs	Livestock	Canada, Britain, Australia
Feed	Animal Feed	China

(Source: ATO Guangzhou)

XI. Post Contact Information

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XII. ATO Guangzhou Emerging City Market (ECM) Reports

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3. CH7616	12/12/2007	Nanning: Strategic Gateway to Southwest China
4. CH8604	05/14/2008	Guilin: Rock formations soar, but what about demand for U.S. agricultural imports?
5. CH9609	05/13/2009	Made in China. Made in Dongguan!
6. CH9614	08/20/2009	Shantou, South China's diamond in the rough
7. CH9620	11/24/2009	Changsha, central China's dynamic pioneer
8. CH9621	11/24/2009	Zhuhai, South China's city of romance. . .and more
9. CH9622	11/25/2009	Quanzhou, Fujian's city of light reignites
10. CH9623	12/02/2009	Fuzhou, propelled by the ocean's legacy, sails on

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